



**STATE OF INDIANA**  
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B47169

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

November 16, 2016

Charter School Board  
Discovery Charter School  
800 Canonie Drive  
Porter, Indiana 46304

We have reviewed the Supplemental Audit Report prepared by Donovan P.C., Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the finding in the report. Page 3 contains one audit result and comment.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for the Discovery Charter School, was prepared in accordance with the guidelines established by the State Board of Accounts.

The Supplemental Audit Report and the Financial Statements and Independent Auditors' Report are filed in our office as a matter of public record.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

SUPPLEMENTAL AUDIT REPORT  
OF  
DUNELAND CHARTER SCHOOL, INC.  
d/b/a DISCOVERY CHARTER SCHOOL

PORTER COUNTY, INDIANA

July 1, 2015 to June 30, 2016



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**DUNELAND CHARTER SCHOOL, INC.**  
**d/b/a DISCOVERY CHARTER SCHOOL**  
**PORTER COUNTY, INDIANA**  
**School Officials**  
**July 1, 2015 to June 30, 2016**

<b><u>Office</u></b>	<b><u>Official</u></b>	<b><u>Term</u></b>
President of Board of Directors	Laurie Metz	07/01/15 – 06/30/16
School Director	Ernesto Martinez	07/01/15 – 07/31/16
School Treasurer	Allan Gabriele	07/01/15 – 06/30/16



The Board of Directors  
Duneland Charter School, Inc.

We have audited the financial statements of Duneland Charter School, Inc. d/b/a Discovery Charter School (the "School") as of and for the year ended June 30, 2016 and have issued our report thereon dated November 4, 2014. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

DONOVAN

A handwritten signature in black ink that reads 'DONOVAN' in a cursive style.

Indianapolis, Indiana  
November 4, 2016

**DUNELAND CHARTER SCHOOL, INC.**  
**d/b/a DISCOVERY CHARTER SCHOOL**  
**PORTER COUNTY, INDIANA**  
**Audit Results and Comments**  
**July 1, 2015 to June 30, 2016**

**FINANCIAL REPORTING**

Our examination of the semi-annual financial report to the Indiana Department of Education (Form 9) for the period January 1, 2016 to June 30, 2016 revealed that the June 30, 2016 cash balance did not reflect the balance as reported on the books and records. The balance reported on Form 9 was lower than the general ledger balance by \$1,626,103, and the cash balances for various federal grant funds did not reflect accurate balances at June 30, 2016.

Charter schools are required to submit a Form 9 Biannual Financial Report two times per year during the months of January and July. The financial information in the Form 9 shall reflect cash basis information. The January report must include previous calendar year financial and other required information for the period July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period January 1 to June 30. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

The charter school's accounting system must facilitate the preparation of the periodic financial reports for administrative review and the required year-end financial statements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

**DUNELAND CHARTER SCHOOL, INC.**  
**d/b/a DISCOVERY CHARTER SCHOOL**  
**PORTER COUNTY, INDIANA**  
**Exit Conference**  
**July 1, 2015 to June 30, 2016**

The contents of this report were discussed on November 7, 2016 with Ernesto Martinez (School Director) and Allan Gabriele (School Treasurer). The Official Response has been made a part of this report and may be found on page 5.

Donovan CPAs  
9345 N. Meridian Street, Suite 302  
Indianapolis, IN 46260

RE: Official response to Indiana State Board of Accounts compliance finding:

**REQUIRED REPORTS:**

*Finding:*

The semi-annual financial report to the Indiana Department of Education (Form 9) for the period January 1, 2016 to June 30, 2016 did not reflect the cash balance as reported on the School's books and records as of June 30, 2016. The balance reported on Form 9 was lower than the general ledger balance by \$1,626,103, and the cash balances for various federal grant funds did not reflect accurate balances at June 30, 2016.

Charter schools are required to submit a Form 9 Biannual Financial Report two times per year during the months of January and July. The financial information in the Form 9 shall reflect cash basis information.

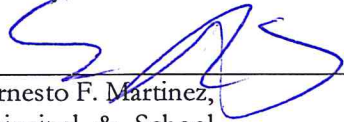
The January report must include previous calendar year financial and other required information for the period July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period January 1 to June 30. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

The charter school's accounting system must facilitate the preparation of the periodic financial reports for administrative review and the required year-end financial statements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

*School Response:*

Duneland Charter School, Inc. d/b/a Discovery Charter School's official response to the above finding is as follows: Discovery Charter School has terminated its agreement with American Quality Schools and has brought accounting in house.

Sincerely,



Ernesto F. Martinez,  
Principal & School  
Leader

11/4/16  
Date

